

## SENATE BILL NO. 8

INTRODUCED BY HANSEN, WARBURTON

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING FOR THE CREATION AND EXPANSION OF REGIONAL RESOURCE AUTHORITIES; GRANTING A REGIONAL RESOURCE AUTHORITY ~~SELF-GOVERNING~~ CERTAIN POWERS; AUTHORIZING THE ISSUANCE OF REVENUE BONDS TO FUND PROJECTS; AMENDING ~~SECTION~~ SECTIONS 2-7-501, 7-6-4020, 7-6-4035, AND 15-10-420, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**NEW SECTION. Section 1. Regional resource authorities -- purpose.** (1) Electors residing within the boundaries of a proposed regional resource authority may create OR EXPAND an authority by proceeding under the provisions of [sections 1 through 7 ~~22~~ 23].

(2) Regional resource authorities may be created to provide for collaboration and coordination in the CONSERVATION OF WATER RESOURCES OR IN THE management of water resources for agricultural; AND recreational; and municipal uses.

**NEW SECTION. Section 2. Authorization to create OR EXPAND regional resource authorities.** (1) A petition requesting the establishment OR EXPANSION of a regional resource authority must be signed by at least 10% of the registered electors within the ~~limits~~ BOUNDARIES of the territory proposed to be organized into the authority OR EXPANSION and must be presented to the board of county commissioners of the county in which the proposed authority EXPANSION is located.

(2) When the area to be included within the proposed authority OR EXPANSION lies in more than one county, the electors within the proposed area shall present a petition to the board of county commissioners in each county. Each petition must contain the signatures of at least 10% of the registered electors within the boundaries of the proposed authority OR EXPANSION that lies within that county.

(3) The petition must include:

- (a) a legal description or map of the proposed authority OR EXPANSION boundaries. Boundaries ~~must~~ (†) MUST coincide with the boundaries of political subdivisions of the state to the greatest extent possible;

1 ~~and~~ AND

2 (ii) ~~MUST~~ include all of the territory of a county, but may exclude incorporated cities or towns, ~~and may~~  
3 include reservations, but only by cooperative agreement with a tribal government; AND

4 ~~—— (iii) MAY NOT INCLUDE LAND, WATER, OR OTHER RESOURCES WITHIN THE EXTERIOR BOUNDARY OF AN INDIAN~~  
5 ~~RESERVATION AS PART OF ASSESSABLE LAND SUBJECT TO THE JURISDICTION OF A REGIONAL RESOURCE AUTHORITY~~  
6 ~~WITHOUT THE EXPRESS WRITTEN CONSENT OF THE GOVERNING BODY OF THE TRIBAL GOVERNMENT FOR THE~~  
7 ~~RESERVATION;~~

8 (b) the proposed name of the authority;

9 (c) a statement that there is a need in the interest of the public health, safety, and welfare for an authority  
10 to function OR EXPAND in the territory described in the petition; AND

11 ~~(d) the authority's proposed charter pursuant to [section 7]; and~~

12 ~~(e)(D)~~ a request that a referendum be held in the territories included within the proposed boundaries on  
13 the question of creating OR EXPANDING the authority ~~and granting it the powers enumerated in a charter;~~ AND

14 (E) THE STRUCTURE OF THE GOVERNING BODY FOR THE AUTHORITY AS PROVIDED IN [SECTION 7].

15 (4) LAND, WATER, PROJECTS, AS DEFINED IN [SECTION 8 9], OR OTHER RESOURCES WITHIN THE EXTERIOR  
16 BOUNDARIES OF AN INDIAN RESERVATION MAY NOT BE INCLUDED WITHIN THE BOUNDARIES OF A REGIONAL RESOURCE  
17 AUTHORITY WITHOUT THE CONSENT OF THE GOVERNING BODY OF THE TRIBE OF THE INDIAN RESERVATION.

18  
19 NEW SECTION. Section 3. Regional resource authority OR EXPANSION -- notice of petition --  
20 hearing. (1) The board of county commissioners shall publish the text of the petition described in [section 2], as  
21 provided in 7-1-2121, in each county in which the proposed regional resource authority OR EXPANSION lies and  
22 shall publish the date, time, and place that a public hearing on the petition will be held.

23 (2) If the proposed authority OR EXPANSION lies within two or more counties, the provisions of this section  
24 apply to each county.

25 (3) Upon concluding the hearing on the petition, the board of county commissioners shall determine  
26 whether the petition complies with the requirements of [section 2] and enter its determination into the minutes of  
27 a regularly scheduled meeting.

28  
29 NEW SECTION. Section 4. Regional resource authority OR EXPANSION -- election required -- notice.

30 (1) Upon a determination that the petition complies with the provisions of [section 2], the board of county

commissioners of each county in which the proposed regional resource authority OR EXPANSION lies shall give notice of an election to be held within the boundaries of the proposed authority OR EXPANSION for the purpose of determining whether a regional resource authority should be created OR EXPANDED and exercise the powers proposed in the accompanying charter. The election must be held in conjunction with a regular or primary election.

(2) Notice of the election must be made as provided in 13-1-108 and must:

(a) describe the purpose of the proposed authority OR EXPANSION; AND

(b) state the name of the proposed authority; and

~~\_\_\_\_\_ (c) include the charter proposed by the authority.~~

(3) The election on the question of creating OR EXPANDING a regional resource authority and granting it the powers proposed in the accompanying charter must be conducted as provided by Title 13 with respect to general and school elections.

(4) If the proposed authority OR EXPANSION lies in more than one county, the board of county commissioners whose county contains the largest percentage of the territory of the proposed authority OR EXPANSION shall administer the election and canvass the returns.

**NEW SECTION. Section 5. Resolution creating OR EXPANDING regional resource authority upon favorable vote.** (1) If a majority of the votes cast within the proposed boundaries of the regional resource authority OR EXPANSION are in favor of creating OR EXPANDING the authority and granting it the powers enumerated in the proposed charter, the board of county commissioners in the county that administered the election shall, by resolution, declare the territory enclosed within the proposed boundaries OR EXPANSION duly organized as a regional resource authority.

(2) Immediately following adoption of the resolution creating OR EXPANDING the regional resource authority, the board of county commissioners shall file a copy of the resolution with the secretary of state and the county clerk and recorder.

**NEW SECTION. Section 6. Regional resource authority -- certificate of incorporation OR EXPANSION from secretary of state.** Within 10 days of receiving a copy of the resolution described in [section 5], the secretary of state shall issue a certificate stating that the regional resource authority has been established OR EXPANDED under the laws of the state of Montana. The secretary of state shall file a copy of the certificate with

the clerk and recorder in each county in which the authority is located.

~~NEW SECTION. Section 7. Regional resource authority -- self-governing powers. (1) A regional resource authority formed pursuant to [sections 1 through 7] may, as provided by Article XI, section 6, of the Montana constitution, exercise any power not prohibited by the constitution, law, or charter.~~

~~(2) A regional resource authority charter must:~~

~~(a) provide for an elected legislative body, specifying the number of members, their terms of office, their qualifications, the grounds for their removal, and the method for filling vacancies; and~~

~~(b) define the powers, privileges, rights, and duties of the regional resource authority.~~

~~(3) Charter provisions must comply with the requirements and limitations of Title 7, chapter 1, part 1, and Title 7, chapter 3, part 7.~~

~~(4) A regional resource authority charter must be approved by the qualified electors pursuant to [section 5].~~

NEW SECTION. SECTION 7. GOVERNING BODY OF REGIONAL RESOURCE AUTHORITY. (1) THE INITIAL MEMBERS OF THE LOCAL GOVERNING BODY MUST BE APPOINTED BY THE COUNTY COMMISSIONERS IN THE COUNTY WHERE THE ELECTION IS ADMINISTERED PURSUANT TO [SECTION 4(4)], BASED ON THE RECOMMENDATIONS OF THE PETITIONERS.

(2) THE COMMISSIONERS SHALL APPOINT MEMBERS OF THE GOVERNING BODY TO STAGGERED 2-YEAR AND 4-YEAR TERMS.

(3) THE APPOINTMENTS UNDER SUBSECTION (1) MUST BE MADE WITHIN 30 DAYS AFTER THE ADOPTION OF THE RESOLUTION FOR CREATION PROVIDED FOR IN [SECTION 5].

(4) PRIOR TO THE EXPIRATION OF THE INITIAL APPOINTMENTS, THE GOVERNING BODY SHALL DIVIDE ITSELF INTO DISTRICTS FROM WHICH MEMBERS ARE ELECTED TO SUCCEEDING TERMS.

NEW SECTION. SECTION 8. REGIONAL RESOURCE AUTHORITY -- POWERS -- LIMITS. (1) A REGIONAL RESOURCE AUTHORITY HAS POWER TO:

(A) SUE AND BE SUED;

(B) PURCHASE AND HOLD LANDS WITHIN ITS LIMITS;

(C) MAKE CONTRACTS AND PURCHASE AND HOLD PERSONAL PROPERTY THAT MAY BE NECESSARY TO THE EXERCISE OF ITS POWERS;

1 (D) MAKE ORDERS FOR THE DISPOSITION OR USE OF ITS PROPERTY THAT THE INTERESTS OF ITS INHABITANTS  
2 REQUIRE; AND

3 (E) SUBJECT TO 15-10-420, LEVY AND COLLECT TAXES FOR PUBLIC OR GOVERNMENTAL PURPOSES, AS  
4 DESCRIBED IN 7-6-2527, UNDER ITS EXCLUSIVE JURISDICTION UNLESS PROHIBITED BY LAW;

5 (F) IMPOSE FEES OR ASSESSMENTS FOR SERVICES PROVIDED;

6 (G) PAY DEBTS AND EXPENSES;

7 (H) SOLICIT AND ACCEPT BEQUESTS, DONATIONS, OR GRANTS OF MONEY, PROPERTY, SERVICES, OR OTHER  
8 ADVANTAGES AND COMPLY WITH ANY CONDITION THAT IS NOT CONTRARY TO THE PUBLIC INTEREST;

9 (I) EXECUTE DOCUMENTS NECESSARY TO RECEIVE MONEY, PROPERTY, SERVICES, OR OTHER ADVANTAGES FROM  
10 THE STATE GOVERNMENT, THE FEDERAL GOVERNMENT, OR ANY OTHER SOURCE;

11 (J) MAKE GRANTS AND LOANS OF MONEY, PROPERTY, AND SERVICES FOR PUBLIC PURPOSES;

12 (K) REQUIRE THE ATTENDANCE OF WITNESSES AND PRODUCTION OF DOCUMENTS RELEVANT TO MATTERS BEING  
13 CONSIDERED BY THE GOVERNING BODY;

14 (L) HIRE, DIRECT, AND DISCHARGE EMPLOYEES AND APPOINT AND REMOVE MEMBERS OF BOARDS;

15 (M) RATIFY ANY ACTION OF THE REGIONAL RESOURCE AUTHORITY OR ITS OFFICERS OR EMPLOYEES THAT COULD  
16 HAVE BEEN APPROVED IN ADVANCE;

17 (N) ACQUIRE BY EMINENT DOMAIN, AS PROVIDED IN TITLE 70, CHAPTER 30, ANY INTEREST IN PROPERTY FOR A  
18 PUBLIC USE AUTHORIZED BY LAW;

19 (O) INITIATE A CIVIL ACTION TO RESTRAIN OR ENJOIN AN ACTION ADVERSE TO THE REGIONAL RESOURCE  
20 AUTHORITY;

21 (P) ENTER PRIVATE PROPERTY, OBTAINING WARRANTS WHEN NECESSARY, FOR THE PURPOSE OF ENFORCING  
22 ITS AUTHORITY THAT AFFECTS THE GENERAL WELFARE AND PUBLIC SAFETY;

23 (Q) CONDUCT PREPARATORY STUDIES;

24 (R) PURCHASE INSURANCE AND ESTABLISH SELF-INSURANCE PLANS;

25 (S) EXERCISE POWERS NOT INCONSISTENT WITH LAW NECESSARY FOR EFFECTIVE ADMINISTRATION OF  
26 AUTHORIZED SERVICES AND FUNCTIONS; AND

27 (T) ENTER INTO INTERLOCAL AGREEMENTS OR OTHER AGREEMENTS WITH THE FEDERAL GOVERNMENT OR ITS  
28 AGENCIES; AND

29 ~~(T)~~(U) ISSUE BONDS AND NOTES FOR THE PURPOSE OF FUNDING PROJECTS AS PROVIDED IN [SECTIONS 8 9  
30 THROUGH 22 23].

1           (2) A REGIONAL RESOURCE AUTHORITY MAY NOT:

2           (A) AUTHORIZE A TAX ON INCOME OR THE SALE OF GOODS OR SERVICES;

3           (B) REGULATE PRIVATE ACTIVITY BEYOND ITS GEOGRAPHIC LIMITS;

4           (C) IMPOSE A DUTY ON ANOTHER UNIT OF LOCAL GOVERNMENT, EXCEPT THAT NOTHING IN THIS LIMITATION  
5 AFFECTS THE RIGHT OF A REGIONAL RESOURCE AUTHORITY TO ENTER INTO AND ENFORCE AN AGREEMENT ON INTERLOCAL  
6 COOPERATION;

7           (D) EXERCISE ANY JUDICIAL FUNCTION, EXCEPT AS AN INCIDENT TO THE EXERCISE OF AN ADMINISTRATIVE POWER;

8           OR

9           (E) EXERCISE ANY POWER ENUMERATED IN 7-1-111.

10  
11           NEW SECTION. SECTION 9. REGIONAL RESOURCE AUTHORITY PROJECTS -- DEFINITION. (1) A REGIONAL  
12 RESOURCE AUTHORITY MAY:

13           (A) CONSTRUCT, RECONSTRUCT, IMPROVE, OR EXTEND ANY PROJECT WITHIN THE BOUNDARIES OF THE REGIONAL  
14 RESOURCE AUTHORITY OR PARTIALLY WITHIN OR PARTIALLY OUTSIDE OF THE BOUNDARIES, AND ACQUIRE BY GIFT,  
15 PURCHASE, OR THE EXERCISE OF THE RIGHT OF EMINENT DOMAIN PURSUANT TO TITLE 70, CHAPTER 30, ANY PROJECT  
16 AND LAND OR RIGHTS IN LAND OR WATER RIGHTS IN CONNECTION WITH THE PROJECT;

17           (B) OPERATE AND MAINTAIN ANY PROJECT AND FURNISH THE SERVICE, FACILITIES, AND COMMODITIES OF THE  
18 PROJECT FOR ITS OWN USE AND FOR THE USE OF PUBLIC AND PRIVATE CONSUMERS WITHIN OR OUTSIDE OF THE  
19 BOUNDARIES OF THE REGIONAL RESOURCE AUTHORITY; AND

20           (C) PRESCRIBE AND COLLECT RATES, FEES, AND CHARGES FOR THE SERVICES, FACILITIES, AND COMMODITIES  
21 FURNISHED BY THE PROJECT.

22           (2) THE PROJECT MAY BE ACQUIRED, PURCHASED, CONSTRUCTED, RECONSTRUCTED, IMPROVED, BETTERED,  
23 AND EXTENDED AND BONDS MAY BE ISSUED UNDER [SECTIONS 8 9 THROUGH 22 23] FOR THOSE PURPOSES.

24           (3) AS USED IN [SECTIONS 8 9 THROUGH 22 23], "PROJECT" MEANS ONE OR A COMBINATION OF WATER SYSTEMS,  
25 TOGETHER WITH ALL PARTS OF THE SYSTEMS AND APPURTENANCES TO THE SYSTEMS, INCLUDING BUT NOT LIMITED TO  
26 SUPPLY AND DISTRIBUTION SYSTEMS, RESERVOIRS, DAMS, AND TREATMENT AND DISPOSAL WORKS.

27  
28           NEW SECTION. SECTION 10. ROLE OF STATE AGENCIES. A REGIONAL RESOURCE AUTHORITY ACTING  
29 PURSUANT TO [SECTIONS 8 9 THROUGH 22 23] IS NOT REQUIRED TO OBTAIN ANY CERTIFICATE OF CONVENIENCE OR  
30 NECESSITY, FRANCHISE, LICENSE, PERMIT, OR OTHER AUTHORIZATION FROM ANY BUREAU, BOARD, COMMISSION, OR

1 OTHER INSTRUMENTALITY OF THE STATE IN ORDER TO ACQUIRE, CONSTRUCT, PURCHASE, RECONSTRUCT, IMPROVE,  
2 BETTER, EXTEND, MAINTAIN, AND OPERATE A PROJECT. THE SUPERVISORY POWERS AND DUTIES OF THE DEPARTMENT OF  
3 ENVIRONMENTAL QUALITY APPLY TO PROJECTS UNDER [SECTIONS 8 9 THROUGH 22 23], AND THE FUNCTIONS OF THE  
4 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION AND THE WATER COURT APPLY TO WATER RIGHTS  
5 ASSOCIATED WITH PROJECTS.

6  
7 **NEW SECTION. SECTION 11. AUTHORITY TO ISSUE REVENUE BONDS.** A REGIONAL RESOURCE AUTHORITY  
8 MAY:

9 (1) ISSUE ITS BONDS TO FINANCE IN WHOLE OR IN PART THE COST OF THE ACQUISITION, PURCHASE,  
10 CONSTRUCTION, RECONSTRUCTION, IMPROVEMENT, BETTERMENT, OR EXTENSION OF ANY PROJECT;

11 (2) PLEDGE TO THE PUNCTUAL PAYMENT OF THE BONDS ISSUED UNDER [SECTIONS 8 9 THROUGH 22 23] AND  
12 INTEREST ON THE BONDS AN AMOUNT OF THE REVENUE OF THE PROJECT OR OF ANY PART OF THE PROJECT SUFFICIENT  
13 TO PAY THE BONDS AND INTEREST AS THE BONDS AND INTEREST BECOME DUE AND CREATE AND MAINTAIN REASONABLE  
14 RESERVES FOR THE PAYMENTS.

15  
16 **NEW SECTION. SECTION 12. DETERMINATION OF COST.** THE GOVERNING BODY OF A REGIONAL RESOURCE  
17 AUTHORITY, IN DETERMINING COST FOR PURPOSES OF [SECTION 40 11], MAY INCLUDE:

18 (1) ALL COSTS AND ESTIMATED COSTS OF THE ISSUANCE OF REVENUE BONDS, INCLUDING A PERMISSIBLE  
19 UNDERWRITER'S DISCOUNT, IF ANY;

20 (2) ALL ENGINEERING, INSPECTION, FISCAL, AND LEGAL EXPENSES; AND

21 (3) INTEREST ESTIMATED TO ACCRUE DURING THE CONSTRUCTION PERIOD AND FOR 6 MONTHS AFTER  
22 CONSTRUCTION ON MONEY BORROWED OR ON MONEY THAT IT IS ESTIMATED WILL BE BORROWED PURSUANT TO [SECTIONS  
23 8 9 THROUGH 22 23].

24  
25 **NEW SECTION. SECTION 13. NATURE OF REVENUE BONDS.** (1) THE HOLDER OR HOLDERS OF ANY BONDS  
26 ISSUED UNDER [SECTIONS 8 9 THROUGH 22 23] DOES NOT HAVE THE RIGHT TO COMPEL ANY EXERCISE OF TAXING POWER  
27 OF THE REGIONAL RESOURCE AUTHORITY TO PAY THE REVENUE BONDS OR THE INTEREST ON THE BONDS.

28 (2) EACH BOND ISSUED UNDER [SECTIONS 8 9 THROUGH 22 23] MUST RECITE IN SUBSTANCE THAT:

29 (A) THE BOND, INCLUDING INTEREST ON THE BOND, IS PAYABLE FROM THE REVENUE PLEDGED TO THE PAYMENT  
30 OF THE BOND; AND

1 (B) THE BOND DOES NOT CONSTITUTE A DEBT OF THE REGIONAL RESOURCE AUTHORITY WITHIN THE MEANING  
2 OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION.

3  
4 **NEW SECTION. SECTION 14. PROJECTS TO BE SELF-SUPPORTING.** (1) A REGIONAL RESOURCE AUTHORITY  
5 ISSUING BONDS PURSUANT TO [SECTIONS 8 9 THROUGH 22 23] SHALL PRESCRIBE AND COLLECT REASONABLE RATES,  
6 FEES, OR CHARGES FOR THE SERVICES, FACILITIES, AND COMMODITIES OF THE PROJECT AND SHALL REVISE THE RATES,  
7 FEES, OR CHARGES FROM TIME TO TIME WHENEVER NECESSARY SO THAT THE PROJECT IS AND REMAINS  
8 SELF-SUPPORTING. THE PROPERTY TAXES SPECIFICALLY AUTHORIZED TO BE LEVIED FOR THE GENERAL PURPOSE SERVED  
9 BY THE PROJECT CONSTITUTE REVENUE OF THE PROJECT AND MAY NOT RESULT IN A PROJECT BEING CONSIDERED NOT  
10 SELF-SUPPORTING.

11 (2) THE RATES, FEES, OR CHARGES PRESCRIBED, ALONG WITH ANY APPROPRIATED PROPERTY TAX COLLECTIONS,  
12 MUST PRODUCE REVENUE AT LEAST SUFFICIENT TO:

13 (A) PAY WHEN DUE ALL BONDS AND INTEREST ON THE BONDS, THE PAYMENT FOR WHICH THE REVENUE HAS BEEN  
14 PLEGGED, CHARGED, OR OTHERWISE ENCUMBERED, INCLUDING RESERVES FOR THE BONDS; AND

15 (B) PROVIDE FOR ALL EXPENSES OF OPERATION AND MAINTENANCE OF THE PROJECT, INCLUDING RESERVES.

16  
17 **NEW SECTION. SECTION 15. USE OF REVENUE FROM PROJECT.** (1) A REGIONAL RESOURCE AUTHORITY  
18 ISSUING BONDS PURSUANT TO [SECTIONS 8 9 THROUGH 22 23] FOR THE ACQUISITION, PURCHASE, CONSTRUCTION,  
19 RECONSTRUCTION, IMPROVEMENT, BETTERMENT, OR EXTENSION OF ANY PROJECT HAS THE RIGHT TO APPROPRIATE,  
20 APPLY, OR EXPEND THE REVENUE OF THE PROJECT FOR THE FOLLOWING PURPOSES:

21 (A) TO PAY WHEN DUE ALL BONDS AND INTEREST ON THE BONDS FOR THE PAYMENT OF WHICH THE REVENUE IS  
22 OR HAS BEEN PLEGGED, CHARGED, OR OTHERWISE ENCUMBERED, INCLUDING RESERVES;

23 (B) TO PROVIDE FOR ALL EXPENSES OF OPERATION AND MAINTENANCE OF THE PROJECT, INCLUDING RESERVES;  
24 AND

25 (C) TO PROVIDE A RESERVE FOR IMPROVEMENTS OR ENHANCEMENTS TO THE PROJECT.

26 (2) UNLESS AND UNTIL ADEQUATE PROVISION HAS BEEN MADE FOR THE PURPOSES OF SUBSECTION (1), A  
27 REGIONAL RESOURCE AUTHORITY MAY NOT TRANSFER THE REVENUE OF THE PROJECT TO ITS GENERAL FUND.

28  
29 **NEW SECTION. SECTION 16. COVENANTS IN RESOLUTION AUTHORIZING ISSUANCE OF BONDS.** ANY  
30 RESOLUTION OR RESOLUTIONS AUTHORIZING THE ISSUANCE OF BONDS UNDER [SECTIONS 8 9 THROUGH 22 23] MAY



1 CONTAIN COVENANTS AS TO:

2 (1) THE PURPOSE OR PURPOSES TO WHICH THE PROCEEDS OF SALE OF THE BONDS MAY BE APPLIED AND THE  
3 DISPOSITION OF THE PROCEEDS;

4 (2) THE USE AND DISPOSITION OF THE REVENUE OF THE PROJECT FOR WHICH THE BONDS ARE TO BE ISSUED,  
5 INCLUDING THE CREATION AND MAINTENANCE OF RESERVES AND INCLUDING THE PLEDGE OR APPROPRIATION OF ALL OR  
6 A PORTION OF THE PROPERTY TAX REVENUE REFERRED TO IN [SECTION 7 8];

7 (3) THE TRANSFER FROM THE GENERAL FUND OF THE REGIONAL RESOURCE AUTHORITY TO THE ACCOUNT OR  
8 ACCOUNTS OF THE PROJECT OF AN AMOUNT EQUAL TO THE COST OF FURNISHING THE REGIONAL RESOURCE AUTHORITY  
9 OR ANY OF ITS DEPARTMENTS OR BOARDS WITH THE SERVICES, FACILITIES, OR COMMODITIES OF THE PROJECT;

10 (4) THE ISSUANCE OF OTHER OR ADDITIONAL BONDS PAYABLE FROM THE REVENUE OF THE PROJECT;

11 (5) THE OPERATION AND MAINTENANCE OF THE PROJECT;

12 (6) THE INSURANCE TO BE CARRIED ON THE PROJECT AND THE USE AND DISPOSITION OF INSURANCE MONEY;

13 (7) BOOKS OF ACCOUNT AND THE INSPECTION AND AUDIT OF THE BOOKS; AND

14 (8) THE TERMS AND CONDITIONS UPON WHICH THE HOLDERS OR TRUSTEES OF THE BONDS OR ANY PROPORTION  
15 OF THE BONDS ARE ENTITLED TO THE APPOINTMENT OF A RECEIVER BY THE DISTRICT COURT HAVING JURISDICTION. THE  
16 RECEIVER MAY:

17 (A) ENTER AND TAKE POSSESSION OF THE PROJECT;

18 (B) OPERATE AND MAINTAIN THE PROJECT;

19 (C) PRESCRIBE RATES, FEES, OR CHARGES, SUBJECT TO THE APPROVAL OF THE PUBLIC SERVICE COMMISSION;

20 AND

21 (D) COLLECT, RECEIVE, AND APPLY ALL REVENUE ARISING FROM THE PROJECT.

22  
23 NEW SECTION. **SECTION 17. REMEDIES.** THE PROVISIONS OF [SECTIONS 8 9 THROUGH 22 23] AND ANY  
24 RESOLUTION OR RESOLUTIONS ARE ENFORCEABLE BY ANY BONDHOLDER IN ANY COURT OF COMPETENT JURISDICTION BY  
25 MANDAMUS OR OTHER APPROPRIATE SUIT, ACTION, OR PROCEEDING.

26  
27 NEW SECTION. **SECTION 18. PRESUMPTION OF VALIDITY OF BONDS.** (1) BONDS BEARING THE SIGNATURES  
28 OF THE OFFICERS OF THE REGIONAL RESOURCE AUTHORITY IN OFFICE ON THE DATE OF THE SIGNING OF THE BONDS ARE  
29 VALID AND BINDING OBLIGATIONS, NOTWITHSTANDING THAT BEFORE THE DELIVERY OF THE BONDS AND PAYMENT FOR THE  
30 BONDS, ANY OR ALL THE PERSONS WHOSE SIGNATURES APPEAR ON THE BONDS HAVE CEASED TO BE OFFICERS OF THE

1 REGIONAL RESOURCE AUTHORITY ISSUING THE BONDS.

2 (2) THE VALIDITY OF THE BONDS IS NOT DEPENDENT ON OR AFFECTED BY THE VALIDITY OR REGULARITY OF ANY  
3 PROCEEDINGS RELATING TO THE ACQUISITION, PURCHASE, CONSTRUCTION, RECONSTRUCTION, IMPROVEMENT,  
4 BETTERMENT, OR EXTENSION OF THE PROJECT FOR WHICH THE BONDS ARE ISSUED.

5 (3) THE RESOLUTION AUTHORIZING THE BONDS MAY PROVIDE THAT THE BONDS MUST CONTAIN A RECITAL THAT  
6 THEY ARE ISSUED PURSUANT TO [SECTIONS 8 9 THROUGH 22 23]. THE RECITAL IS CONCLUSIVE EVIDENCE OF THE VALIDITY  
7 OF THE BONDS AND OF THE REGULARITY OF THEIR ISSUANCE.

8  
9 NEW SECTION. SECTION 19. LIENS ARISING FROM BONDS. THE RESOLUTION OR RESOLUTIONS AUTHORIZING  
10 THE BONDS MUST SPECIFY AND DEFINE THE REVENUE OR PORTION OF THE REVENUE THAT IS APPROPRIATED AND PLEDGED  
11 FOR THE SECURITY AND PAYMENT OF THE BOND PRINCIPAL AND INTEREST AND THE RELATIVE SECURITY OF LIENS ON THE  
12 REVENUE IN FAVOR OF BONDS OF ONE OR MORE SERIES OR ISSUES, WHETHER ISSUED CONCURRENTLY OR AT DIFFERENT  
13 TIMES.

14  
15 NEW SECTION. SECTION 20. DETAILS RELATING TO REVENUE BONDS. (1) BONDS AUTHORIZED TO BE ISSUED  
16 UNDER [SECTIONS 8 9 THROUGH 22 23]:

17 (A) MUST BEAR INTEREST AT A RATE OR RATES NOT EXCEEDING THE LIMITATION OF 17-5-102;

18 (B) MAY BE ISSUED IN ONE OR MORE SERIES;

19 (C) MAY BEAR A DATE OR DATES;

20 (D) MAY MATURE AT A TIME OR TIMES NOT EXCEEDING 40 YEARS FROM THEIR RESPECTIVE DATES OF ISSUE;

21 (E) MAY BE PAYABLE IN A PLACE OR PLACES;

22 (F) MAY CARRY REGISTRATION PRIVILEGES;

23 (G) MAY BE SUBJECT TO TERMS OF REDEMPTION;

24 (H) MAY BE EXECUTED;

25 (I) MAY CONTAIN TERMS, COVENANTS, AND CONDITIONS; AND

26 (J) MAY BE IN COUPON OR REGISTERED FORM, AS PROVIDED BY THE INITIAL RESOLUTION OR SUBSEQUENT  
27 RESOLUTIONS.

28 (2) THE REGIONAL RESOURCE AUTHORITY MAY FIX THE MINIMUM PRICE FOR THE BONDS IN AN AMOUNT LESS THAN  
29 THE PRINCIPAL AMOUNT OF THE BONDS BUT NOT LESS THAN 97% OF THE PRINCIPAL AMOUNT IF IT DETERMINES THAT A  
30 SALE AT THAT PRICE IS IN THE BEST INTERESTS OF THE PROJECT.

1  
2 NEW SECTION. SECTION 21. SALE OF BONDS. (1) BONDS AUTHORIZED TO BE ISSUED UNDER [SECTIONS 8  
3 9 THROUGH 22 23] MUST BE SOLD AT A PRICE NOT LESS THAN THAT PRESCRIBED BY THE GOVERNING BODY OF THE  
4 REGIONAL RESOURCE AUTHORITY, PLUS INTEREST TO THE DATE OF DELIVERY OF THE BONDS.

5 (2) (A) THE BONDS MAY BE SOLD AT PRIVATE SALE TO THE UNITED STATES OR THE STATE OF MONTANA OR ANY  
6 AGENCY, INSTRUMENTALITY, OR CORPORATION OF THE UNITED STATES OR THE STATE.

7 (B) UNLESS SOLD TO THE UNITED STATES OR THE STATE OF MONTANA OR AN AGENCY, INSTRUMENTALITY, OR  
8 CORPORATION OF THE UNITED STATES OR THE STATE, THE BONDS MUST BE SOLD AT PUBLIC SALE AFTER NOTICE OF THE  
9 SALE.

10  
11 NEW SECTION. SECTION 22. NOTICE OF SALE OF BONDS. THE NOTICE OF SALE OF BONDS REQUIRED BY  
12 [SECTION 20(2)(b) 21(2)(B)] MUST BE PUBLISHED ONCE AT LEAST 5 DAYS PRIOR TO THE SALE IN A NEWSPAPER OF  
13 GENERAL CIRCULATION IN THE STATE, AND THE REGIONAL RESOURCE AUTHORITY MAY PUBLISH THE NOTICE OR SUMMARY  
14 OF THE NOTICE IN A FINANCIAL NEWSPAPER PUBLISHED IN THE CITY OF NEW YORK, CHICAGO, OR SAN FRANCISCO.

15  
16 NEW SECTION. SECTION 23. INTERIM RECEIPTS OR CERTIFICATES. PENDING THE PREPARATION OF THE  
17 DEFINITIVE BONDS, INTERIM RECEIPTS OR CERTIFICATES, IN A FORM AND WITH PROVISIONS THAT THE GOVERNING BODY  
18 OF THE REGIONAL RESOURCE AUTHORITY MAY DETERMINE, MAY BE ISSUED TO THE PURCHASER OR PURCHASERS OF  
19 BONDS SOLD PURSUANT TO [SECTIONS 8 9 THROUGH 22 23]. THE BONDS AND INTERIM RECEIPTS OR CERTIFICATES ARE  
20 FULLY NEGOTIABLE, AS PROVIDED BY TITLE 30, CHAPTER 8.

21  
22 **Section 24.** Section 2-7-501, MCA, is amended to read:

23 **"2-7-501. Definitions.** Unless the context requires otherwise, in this part, the following definitions apply:

24 (1) "Audit" means a financial audit and includes financial statement and financial-related audits as  
25 defined by government auditing standards as established by the U.S. comptroller general.

26 (2) "Board" means the Montana board of public accountants provided for in 2-15-1756.

27 (3) "Department" means the department of administration.

28 (4) (a) "Financial assistance" means assistance provided by a federal, state, or local government entity  
29 to a local government entity or subrecipient to carry out a program. Financial assistance may be in the form of  
30 grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, direct

1 appropriations, or other noncash assistance. Financial assistance includes awards received directly from federal  
2 and state agencies or indirectly when subrecipients receive funds identified as federal or state funds by recipients.  
3 The granting agency is responsible for identifying the source of funds awarded to recipients. The recipient is  
4 responsible for identifying the source of funds awarded to subrecipients.

5 (b) Financial assistance does not include direct federal, state, or local government cash assistance to  
6 individuals.

7 (5) "Financial report" means a presentation of financial statements, including applicable supplemental  
8 notes and supplemental schedules, that are prepared in a format published by the department using the  
9 Budgetary Accounting and Reporting System for Montana Cities, Towns, and Counties Manual and that reflect  
10 a current financial position and the operating results for the 1-year reporting period.

11 (6) "Independent auditor" means:

12 (a) a federal, state, or local government auditor who meets the standards specified in the government  
13 auditing standards; or

14 (b) a licensed accountant who meets the standards in subsection (6)(a).

15 (7) (a) "Local government entity" means a county, city, district, or public corporation that:

16 (i) has the power to raise revenue or receive, disburse, or expend local, state, or federal government  
17 revenue for the purpose of serving the general public;

18 (ii) is governed by a board, commission, or individual elected or appointed by the public or representatives  
19 of the public; and

20 (iii) receives local, state, or federal financial assistance.

21 (b) Local government entities include but are not limited to:

22 (i) airport authority districts;

23 (ii) cemetery districts;

24 (iii) counties;

25 (iv) county housing authorities;

26 (v) county road improvement districts;

27 (vi) county sewer districts;

28 (vii) county water districts;

29 (viii) county weed management districts;

30 (ix) drainage districts;

- 1 (x) fire companies;
- 2 (xi) fire districts;
- 3 (xii) fire service areas;
- 4 (xiii) hospital districts;
- 5 (xiv) incorporated cities or towns;
- 6 (xv) irrigation districts;
- 7 (xvi) mosquito districts;
- 8 (xvii) municipal fire departments;
- 9 (xviii) municipal housing authority districts;
- 10 (xix) port authorities;
- 11 (xx) solid waste management districts;
- 12 (xxi) rural improvement districts;
- 13 (xxii) school districts, including a district's extracurricular funds;
- 14 (xxiii) soil conservation districts;
- 15 (xxiv) special education or other cooperatives;
- 16 (xxv) television districts;
- 17 (xxvi) urban transportation districts;
- 18 (xxvii) water conservancy districts; ~~and~~
- 19 (xxviii) regional resource authorities; and
- 20 ~~(xxviii)~~ (xxix) other miscellaneous and special districts.
- 21 (8) "Revenues" means all receipts of a local government entity from any source excluding the proceeds
- 22 from bond issuances."

23

24 **SECTION 25. SECTION 7-6-4020, MCA, IS AMENDED TO READ:**

25 **"7-6-4020. Preliminary annual operating budget.** (1) A preliminary annual operating budget must be

26 prepared for the local government.

27 (2) This part does not provide for the consolidation or reassignment, but does not prohibit delegation by

28 mutual agreement, of any duties of elected county officials.

29 (3) (a) Before June 1 of each year, the county clerk and recorder shall notify the county commission and

30 each board, office, regional resource authority, or official that they are required to file preliminary budget

1 proposals for their component of the total county budget.

2 (b) Component budgets must be submitted to the clerk and recorder before June 10th or on a date  
3 designated by the county commission and must be submitted on forms provided by the county clerk and recorder.

4 (c) The county clerk and recorder shall prepare and submit the county's preliminary annual operating  
5 budget.

6 (d) Component budget responsibilities as provided in this subsection (3) include but are not limited to  
7 the following:

8 (i) The county surveyor or any special engineer shall compute road and bridge component budgets and  
9 submit them to the county commission.

10 (ii) The county commission shall submit road and bridge component budgets.

11 (iii) The county treasurer shall submit debt service component budgets.

12 (iv) The county commission shall submit component budgets for construction or improvements to be  
13 made from new general obligation debt.

14 (4) The preliminary annual operating budget for each fund must include, at a minimum:

15 (a) a listing of all revenue and other resources for the prior budget year, current budget year, and  
16 proposed budget year;

17 (b) a listing of all expenditures for the prior budget year, the current budget year, and the proposed  
18 budget year. All expenditures must be classified under one of the following categories:

19 (i) salaries and wages;

20 (ii) operations and maintenance;

21 (iii) capital outlay;

22 (iv) debt service; or

23 (v) transfers out.

24 (c) a projection of changes in fund balances or cash balances available for governmental fund types and  
25 a projection of changes in cash balances and working capital for proprietary fund types. This projection must be  
26 supported by a summary for each fund or group of funds listing the estimated beginning balance plus estimated  
27 revenue, less proposed expenditures, cash reserves, and estimated ending balances.

28 (d) a detailed list of proposed capital expenditures and a list of proposed major capital projects for the  
29 budget year;

30 (e) financial data on current and future debt obligations;

(f) schedules or summary tables of personnel or position counts for the prior budget year, current budget year, and proposed budget year. The budgeted amounts for personnel services must be supported by a listing of positions, salaries, and benefits for all positions of the local government. The listing of positions, salaries, and benefits is not required to be part of the budget document.

(g) all other estimates that fall under the purview of the budget.

(5) The preliminary annual operating budget for each fund for which the local government will levy an ad valorem property tax must include the estimated amount to be raised by the tax."

**SECTION 26. SECTION 7-6-4035, MCA, IS AMENDED TO READ:**

**"7-6-4035. Tax levies for boards and commissions -- bond exemption.** (1) The proposed budget and mill levy for each board, commission, or other governing entity are subject to approval by the governing body.

(2) Except for a port authority created under Title 7, chapter 14, part 11, the taxes, revenue, or fees legally pledged for the payment of debt or for the operations of a regional resource authority are not subject to approval by the governing body.

(3) Except for judgment levies under 2-9-316 or 7-6-4015, all tax levies are subject to 15-10-420."

**SECTION 27. SECTION 15-10-420, MCA, IS AMENDED TO READ:**

**"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3 years. The maximum number of mills that a governmental entity may impose is established by calculating the number of mills required to generate the amount of property tax actually assessed in the governmental unit in the prior year based on the current year taxable value, less the current year's value of newly taxable property, plus one-half of the average rate of inflation for the prior 3 years.

(b) A governmental entity that does not impose the maximum number of mills authorized under subsection (1)(a) may carry forward the authority to impose the number of mills equal to the difference between the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill authority carried forward may be imposed in a subsequent tax year.

(c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average rate of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers, using

1 the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of labor.

2 (2) A governmental entity may apply the levy calculated pursuant to subsection (1)(a) plus any additional  
3 levies authorized by the voters, as provided in 15-10-425, to all property in the governmental unit, including newly  
4 taxable property.

5 (3) (a) For purposes of this section, newly taxable property includes:

6 (i) annexation of real property and improvements into a taxing unit;

7 (ii) construction, expansion, or remodeling of improvements;

8 (iii) transfer of property into a taxing unit;

9 (iv) subdivision of real property; and

10 (v) transfer of property from tax-exempt to taxable status.

11 (b) Newly taxable property does not include an increase in value that arises because of an increase in  
12 the incremental value within a tax increment financing district.

13 (4) (a) For the purposes of subsection (1), the taxable value of newly taxable property includes the  
14 release of taxable value from the incremental taxable value of a tax increment financing district because of:

15 (i) a change in the boundary of a tax increment financing district;

16 (ii) an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or

17 (iii) the termination of a tax increment financing district.

18 (b) If a tax increment financing district terminates prior to the certification of taxable values as required  
19 in 15-10-202, the increment value is reported as newly taxable property in the year in which the tax increment  
20 financing district terminates. If a tax increment financing district terminates after the certification of taxable values  
21 as required in 15-10-202, the increment value is reported as newly taxable property in the following tax year.

22 (c) For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale of real  
23 property that results in the property being taxable as class four property or as nonqualified agricultural land as  
24 described in 15-6-133(1)(c).

25 (5) Subject to subsection (8), subsection (1)(a) does not apply to:

26 (a) school district levies established in Title 20; ~~or~~

27 (b) the portion of a governmental entity's property tax levy for premium contributions for group benefits  
28 excluded under 2-9-212 or 2-18-703; or

29 (c) a mill levy imposed for a newly created regional resource authority.

30 (6) For purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds taxes received



1 under 15-6-131 and 15-6-132.

2 (7) In determining the maximum number of mills in subsection (1)(a), the governmental entity may  
3 increase the number of mills to account for a decrease in reimbursements.

4 (8) The department shall calculate, on a statewide basis, the number of mills to be imposed for purposes  
5 of 15-10-107, 20-9-331, 20-9-333, 20-9-360, 20-25-423, and 20-25-439. However, the number of mills calculated  
6 by the department may not exceed the mill levy limits established in those sections. The mill calculation must be  
7 established in whole mills. If the mill levy calculation does not result in a whole number of mills, then the  
8 calculation must be rounded up to the nearest whole mill.

9 (9) (a) The provisions of subsection (1) do not prevent or restrict:

10 (i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;

11 (ii) a levy to repay taxes paid under protest as provided in 15-1-402;

12 (iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326; ~~or~~

13 (iv) a levy for the support of a study commission under 7-3-184; or

14 (v) a levy for the support or a newly established regional resource authority.

15 (b) A levy authorized under subsection (9)(a) may not be included in the amount of property taxes  
16 actually assessed in a subsequent year.

17 (10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402,  
18 67-11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport  
19 authority in either of the previous 2 years and the airport or airport authority has not been appropriated operating  
20 funds by a county or municipality during that time.

21 (11) The department may adopt rules to implement this section. The rules may include a method for  
22 calculating the percentage of change in valuation for purposes of determining the elimination of property, new  
23 improvements, or newly taxable property in a governmental unit."

24  
25 **NEW SECTION. Section 28. Notification to tribal governments.** The secretary of state shall send  
26 a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell  
27 Chippewa tribe.

28  
29 **NEW SECTION. Section 29. Codification instruction.** [Sections 1 through 7 ~~22~~ 23] are intended to  
30 be codified as an integral part of Title 7, and the provisions of Title 7 apply to [sections 1 through 7 ~~22~~ 23].

1  
2 NEW SECTION. **Section 30. Saving clause.** [This act] does not affect rights and duties that matured,  
3 penalties that were incurred, or proceedings that were begun before [the effective date of this act].

4

5 NEW SECTION. **Section 31. Effective date.** [This act] is effective on passage and approval.

- END -